

GENERAL COUNSEL'S REPORT

August 28, 2013

- E. Johnson City Medical Center, Johnson City (Washington County), TN — CN1106-021A
Update on status of and changes in the project, and if needed modifications of the project.

This project was presented on September 28, 2011 for the renovation and expansion of the current radiation oncology department in the main campus building of Johnson City Medical Center ("JCMC") with an estimated project cost of \$14,999,924. Mr. Johnson moved for approval, Mr. Southwick seconded, the motion carried approved by unanimous vote 10-0.

July 26, 2013

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VIA HAND DELIVERY

Jim Christoffersen, Esq.
General Counsel
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard, 3rd Floor
Nashville, TN 37203

RE: Johnson City Medical Center, CN1106-021
Renovation and Expansion of Radiation Oncology

Dear Mr. Christoffersen:

This letter is submitted pursuant to our recent meeting regarding the project referenced above.

Background

The certificate of need in question was approved September 28, 2011, and involves renovation and expansion of the existing radiation oncology department at Johnson City Medical Center ("JCMC"), with a total project cost is \$14,999,924. In addition to construction and renovation, the project involves the relocation of two linear accelerators to new vaults in the expansion part of the project. Relocation of the linear accelerators will result in replacement of one of the existing linear accelerators.

Current Status

The construction of the expansion area, including new vaults, will be completed by the end of August at a total cost of approximately \$7 million. Because of the equipment ordering process and the work involved in installing the linear accelerators, it will likely be several months before the linear accelerators are installed and use of the expansion space for actual patient treatment will begin. The certificate of need expires November 1, 2014, and the linear accelerator installation and completion of the project should occur before this date.

Issue

The project is on track and is expected to be completed before the certificate of need expiration date. However, there is a sequencing question on which seek guidance from the

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Jim Christoffersen, Esq.

July 26, 2013

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Agency. The component of the project that involves renovation can begin as soon as the new construction is completed (end of August). However, the renovation part of the project would be greatly facilitated if some of the functions now in the area to be renovated (e.g., patient ingress and egress and patient waiting for radiation therapy patients) could be shifted to the expansion area. The proposed uses of the expansion area are entirely consistent with what is contemplated by the certificate of need, but use of the expansion area as described will require inspection and approval of Health Care Facilities before linear accelerators are installed, i.e., before the project is completed in its entirety. Thus, use of the expansion area as proposed will likely result in two inspections by Health Care Facilities: one inspection when initial use is undertaken and a second inspection upon installation of the linear accelerators and final project completion.

We would appreciate confirmation that the interim use of the expansion area as described above is permissible under the certificate of need. To the extent that guidance from the Agency itself is required, we request that this item be placed on the agenda for the Agency's meeting in August.

Thank you for your attention to this matter, and please let me know if you have any questions or need additional information.

Very truly yours,

BUTLER, SNOW, O'MARA, STEVENS &
CANNADA, PLLC



Dan H. Elrod

clw

cc: Allison Rogers
Bo Wilkes

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN1106-021A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Mountain States Health Alliance
303 Med Tech Parkway, Suite 330
Johnson City, TN 37604

For: Johnson City Medical Center

This Certificate is issued for: The renovation and expansion of the current radiation oncology department in the main campus building of Johnson City Medical Center ("JCMC"). No new services will be initiated and no major medical equipment will be purchased. There will be no change in the hospital bed complement.

On the premises located at: 400 North State of Franklin Road
Johnson City (Washington County), TN 37604

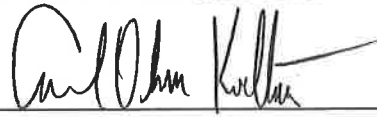
For an estimated project cost of: \$14,999,924.00

The Expiration Date for this Certificate of Need is

November 1, 2014

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: September 28, 2011


Chairman

Date Issued: October 26, 2011


Executive Director

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August 22, 2013

James B. Christoffersen
General Counsel
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161 Rosa L. Parks Boulevard
Nashville, TN 37243

Jerry W. Taylor
(615) 782-2228
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RE: Rosewood Manor
CN0703-021A

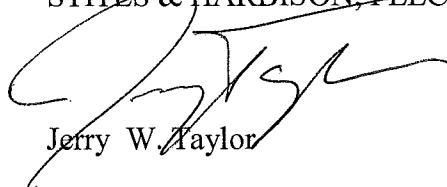
Dear Jim:

I recently submitted a letter seeking an extension of the CON on the above matter, and it is scheduled to be considered at the August meeting. In the letter I stated there was "no opposition" to the original CON. I just discovered the more accurate statement is "there was no opposition to the project as approved." The record reflects there was originally opposition filed by two facilities, but both subsequently sent in letters indicating they had no opposition if no more than 12 new beds were approved. Ultimately only the relocation and replacement facility, with no new beds, was approved and no opposition was voiced to that decision.

I apologize for my inaccurate use of words; please be assured there was no intent to mislead the members or the staff. I appreciate your assistance, and hope this has not caused any inconvenience to your, the staff or the members.

Sincerely yours,

STITES & HARBISON, PLLC



Jerry W. Taylor